

TOWN OF NORWICH, VERMONT  
AUDIT REPORT  
FOR THE YEAR ENDED JUNE 30, 2018

TOWN OF NORWICH, VERMONT  
FOR THE YEAR ENDED JUNE 30, 2018  
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# Batchelder Associates, PC

## INDEPENDENT AUDITOR'S REPORT

To the Board of Selectmen  
Town of Norwich  
Norwich, Vermont

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Town of Norwich, Vermont ("Town"), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Town, for the year ended June 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3-9, 16 and 40-46, respectively, be presented to supplement the basic financial statements.

Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The combining and individual non-major fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual non-major fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual non-major fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

*Batchelder Associates, P.C.*

Batchelder Associates, PC  
License #945  
Barre, Vermont  
November 9, 2018

TOWN OF NORWICH, VERMONT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2018

Our discussion and analysis of the Town of Norwich, Vermont's financial performance provides an overview of the Town's financial activities for the fiscal year ended June 30, 2018. This report should be read in conjunction with the Town's financial statements.

### Financial Highlights

- The Town's net position increased by \$134,051 as a result of this year's operations.
- The cost of all the Town's programs was \$6,940,766 this year, with no new programs added.
- The General Fund reported a deficit this year of \$1,233,212.
- The unassigned fund balance for the General Fund was (\$1,290,784) as of June 30, 2018. This deficit is due to FEMA work of which grant funds have not been received.
- The Public Safety Facilities Fund reported a deficit this year of (\$1,413,696), which resulted in a fund balance of (\$85,521) as of June 30, 2018. This deficit is due to the prior auditor recording the bond funds in fiscal year 2017.
- The Fire Apparatus Fund reported a surplus this year of \$67,760, which resulted in a fund balance of \$525,425 as of June 30, 2018.
- The Permanent Funds reported a surplus this year of \$15, which resulted in a fund balance of \$2,504 as of June 30, 2018.
- The Other Non-Major Governmental Funds reported surplus of \$27,474 which increased the cumulative surplus to \$1,177,921.

### Using This Annual Report

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities (Exhibits A and B) provide information about the activities of the Town as a whole and present a longer-term view of the Town's finances. Fund financial statements start on Exhibit C. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the Town's operations in more detail than the government-wide statements by providing information about the Town's most significant funds. The remaining statements provide financial information about activities for which the Town acts solely as a trustee or agent for the benefit of those outside the government.

### Government-wide Financial Statements

The *government-wide financial statements* are designed to provide readers with a broad overview of the Town's finances, in a manner similar to a private sector business.

The *statement of net position* presents information on all of the Town's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the Town that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of

TOWN OF NORWICH, VERMONT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2018

the Town include general government, public safety, public works, health and social services, culture, recreation and community development.

The government-wide financial statements are designed to include not only the Town itself (*known as the primary government*), but also any legally separate entities for which the Town is financially accountable (*known as component units*). The Town has no such entities that qualify as component units.

The government-wide financial statements can be found in Exhibits A and B of this report.

### **Fund Financial Statements**

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town can be classified as governmental funds.

#### **a. Governmental Funds**

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Town maintains five (5) individual governmental funds, including the General Fund, the Public Safety Facilities Fund, the Fire Apparatus Fund, The Permanent Funds, nine (9) Non-Major Special Revenue Funds and nineteen (19) Non-Major Capital Project Funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, the Public Safety Facilities Fund, the Fire Apparatus Fund, the Permanent Funds which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of the non-major governmental funds is presented in a supplementary schedule.

The basic governmental fund financial statements can be found in Exhibits C through F of this report.

#### **b. Proprietary Funds**

The Town has no Proprietary Funds.

#### **c. Fiduciary Funds**

The Town has two (2) Fiduciary Funds.

### **3. Notes to the Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found immediately following the basic financial statements in this report.

TOWN OF NORWICH, VERMONT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2018

**4. Other Information**

In addition to the basic financial statements and accompanying notes, this report also presents certain supplementary information to provide additional financial information not included in the basic financial statements. This supplementary information includes combining statements for various funds, and budgetary comparison statements. The supplementary information can be found immediately following the notes to the financial statements in this report.

**The Town as a Whole**

The Town's combined net position increased by \$134,051 from 2017, increasing from a balance of \$8,850,740 to \$8,984,791. Our analysis below focuses on the net position (Table I below) and changes in net position (Shown on page 5).

Table I – Net Position

	Governmental Activities	
	2018	2017
Cash and investments	\$ 972,175	\$ 3,225,948
Investments	-	1,163,277
Receivables, net of allowance for uncollectible	189,485	317,593
Other assets	2,275,794	47,644
Capital assets, non-depreciable	664,699	664,699
Capital assets, depreciable - net	7,453,858	5,829,948
Total Assets	11,556,011	11,249,109
Deferred outflows of resources	260,417	325,960
Long-term liabilities outstanding	2,130,329	2,248,022
Other liabilities	498,446	399,482
Deferred inflows of resources	202,862	76,825
Total Liabilities	2,831,637	2,724,329
Net Position		
Invested in capital assets, net of related debt	6,543,557	4,866,233
Restricted and Non-spendable (restated)	60,076	2,653,716
Unrestricted, committed and assigned	2,381,158	1,330,791
Total Net Position	\$ 8,984,791	\$ 8,850,740

Unrestricted net position – the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements – changed from a \$1,330,791 surplus at June 30, 2017, to a \$2,381,158 surplus at June 30, 2018 for the governmental activities.

TOWN OF NORWICH, VERMONT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2018

Table II – Change in Net Position

	Governmental Activities	
	2018	2017
Revenues:		
Taxes	\$ 3,720,806	\$ 3,907,393
Intergovernmental	2,889,577	513,057
Charges for services	329,848	373,935
Permits, licenses and fees	21,081	20,982
Investment income	32,010	9,344
Miscellaneous revenues	81,495	24,957
Total Revenues	<u>7,074,817</u>	<u>4,849,668</u>
Expenditures:		
General government	1,026,492	1,520,902
Public safety	963,947	976,483
Public Works	4,286,093	1,929,530
Culture, recreation and community development	232,528	272,913
Health and welfare	364,761	-
Capital outlay:		
Public Works	-	52,106
Debt service:		
Principal	-	-
Interest	66,945	28,169
Total Expenditures	<u>6,940,766</u>	<u>4,780,103</u>
Excess/(Deficiency) of Revenues Other Expenditures	<u>134,051</u>	<u>69,565</u>
Other Financing Sources:		
Issuance of debt		
Transfers in	616,610	-
Transfers out	(616,610)	-
Total Other Financing Sources	<u>-</u>	<u>-</u>
Net Change in Fund Balances	134,051	69,565
Fund Balances - July 1, 2017 (restated)	<u>8,850,740</u>	<u>8,781,175</u>
Fund Balances - June 30, 2018	<u>\$ 8,984,791</u>	<u>\$ 8,850,740</u>

Our analysis below separately considers the operations of governmental activities.

Governmental Activities

The increase in net position for governmental activities was \$134,051 in 2018. Revenues increased by \$2,225,149 or 45.88%, and expenses increased by \$2,160,663 or 45.20%, compared to 2017. Most of this increase in revenue is from grants and contributions received during the year.

TOWN OF NORWICH, VERMONT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2018

The cost of all governmental activities this year was \$6,940,766, however, as shown in the Statement of Activities on Exhibit B, the amount that our taxpayers ultimately financed for these activities through Town taxes was \$3,700,260. Some of the cost was paid by those who directly benefited from the programs \$350,929 or by other governments and organizations that subsidized certain programs with grants and contributions \$2,889,577.

Table 3 presents the cost of each of the Town's five largest programs – general government, public safety, highways and street, health and welfare, and culture and recreation – as well as each program's net cost (total cost less revenue generated by the activities). The net cost shows the financial burden that was placed on the Town's taxpayers by each of these functions.

Table III  
Governmental Activities

	2018		2017	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
General government	\$ 1,026,492	\$ 761,119	\$ 1,520,902	\$ 1,470,353
Public safety	963,947	920,702	976,483	974,101
Public Works	4,286,093	1,508,672	1,981,636	1,567,774
Culture, recreation and community development	232,528	78,061	272,913	75,384
Health and welfare	364,761	364,761		
Interest on long-term debt	66,945	66,945	28,169	28,169
	<u>\$ 6,940,766</u>	<u>\$ 3,700,260</u>	<u>\$ 4,780,103</u>	<u>\$ 4,115,781</u>

**The Town's Funds**

As the Town completed the year, its governmental funds (as presented in the Balance Sheet on Exhibit C) reported a combined fund balance of \$387,117 which represents a decrease of \$3,780,037 from last year's total of \$4,167,154. Included in this year's total change in fund balance is a decrease of \$2,461,590 in the Town's General Fund. This decrease is due as a result of two significant items. During fiscal year 2017, the bond on the Public Safety Building closed in the amount of \$1,410,000. These bond proceeds were recorded as incoming funds during 2017, however, funds were not expended until 2018. During early fiscal year 2018, there was a storm which created the need for major repairs which will be covered mainly by FEMA grants. The total due from FEMA currently is \$2,113,518. These funds will not be recorded as revenue for the governmental funds until a future fiscal year, however, will increase the fund balance by the amount received. There is also an additional \$14,780 that will be included in June 30, 2019 fund balance that was not received and recorded in fiscal year 2018, to further increase the deficit in the general fund.

Statement G compares actual to budget for the General Fund. The most significant variances of actual to budget were as follows:

	Budget	Actual	Favorable (Unfavorable)
Revenues			
General Budget	\$ 6,704,994	\$ 4,526,058	\$ (2,178,936)
Expenditures			
General Budget	\$ 7,293,873	\$ 6,987,649	\$ 306,224

TOWN OF NORWICH, VERMONT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2018

**Capital Assets and Debt Administration**

*Capital Assets*

At June 30, 2018, the Town had \$8,118,557 invested in a broad range of capital assets, including police and fire equipment, buildings, roads and bridges net of accumulated depreciation. (See Table 4 below). This amount represents a net increase (including additions, disposals and depreciation) of \$1,623,910 from last year.

Table IV  
Capital Assets at Year-End  
(Net of Accumulated Depreciation)

	Governmental Activities		Total	
	2018	2017	2018	2017
Non-depreciated assets:				
Land	\$ 653,559	\$ 653,559	\$ 653,559	\$ 653,559
Art	11,140	11,140	11,140	11,140
Depreciated assets:			-	
Buildings and improvements	2,847,078	1,007,004	2,847,078	1,007,004
Vehicles	718,073	739,482	718,073	739,482
Equipment	617,617	587,233	617,617	587,233
Mobile Equipment	711,182	745,036	711,182	745,036
Infrastructure	2,559,908	2,751,193	2,559,908	2,751,193
<b>Total Assets</b>	<b><u>\$ 8,118,557</u></b>	<b><u>\$ 6,494,647</u></b>	<b><u>\$ 8,118,557</u></b>	<b><u>\$ 6,494,647</u></b>

*Debt Administration*

At June 30, 2018, the Town had \$2,130,329 in bonds and notes outstanding, including other long-term liabilities, versus \$2,248,022 at June 30, 2017 – a decrease of \$117,693, as shown in Table 5 (below).

Table V  
Outstanding Debt at Year-End  
Governmental Activities

	Governmental Activities		Total	
	2018	2017	2018	2017
Bond and notes payable	\$ 1,575,000	\$ 1,602,500	\$ 1,575,000	\$ 1,602,500
Capital leases	-	25,914	-	25,914
Net pension liability	479,378	515,194	479,378	515,194
Uncompensated balances	75,951	104,414	75,951	104,414
<b>Totals</b>	<b><u>\$ 2,130,329</u></b>	<b><u>\$ 2,248,022</u></b>	<b><u>\$ 2,130,329</u></b>	<b><u>\$ 2,248,022</u></b>

TOWN OF NORWICH, VERMONT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2018

**Economic Factors and Next Year's Budgets and Rates**

The Town's elected and appointed officials consider many factors when setting the fiscal year 2018 budget, tax rates, and fees.

When adopting the budget for the 2018-2019 year, the Selectboard considered operational and capital needs of the Town, and the impact of spending on the tax rate.

The Town budgeted no change in fund balance for the fiscal year ending June 30, 2019.

**Contacting the Town's Financial Management**

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the Town's finances and to show the Town's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Town Manager at Town of Norwich, Norwich, Vermont, 05043.

TOWN OF NORWICH, VERMONT  
STATEMENT OF NET POSITION  
JUNE 30, 2018

EXHIBIT A

	<u>Governmental Activities</u>
<b>ASSETS</b>	
Cash	\$ 972,175
Investments	-
Accounts receivable (net of allowance for uncollectible):	13,729
Delinquent taxes receivable	143,084
Penalties receivable	32,672
Grant receivable	2,218,222
Prepaid expenses	20,768
Inventory	36,804
Capital assets:	
Land, infrastructure, and other assets not being depreciated	664,699
Buildings and vehicles net of accumulated depreciation	7,453,858
Total Assets	<u>11,556,011</u>
 <b>DEFERRED OUTFLOW OF RESOURCES</b>	
Deferred Outflows of Resources Related to the Town's participation in VMERS	260,417
Total Deferred Outflows of Resources	<u>260,417</u>
 <b>LIABILITIES</b>	
Account payable	433,730
Accrued payroll and withholdings	64,716
Noncurrent liabilities:	
Compensated absences payable	75,951
Net pension liability	479,378
Bonds and notes payable, due within one year	74,500
Bonds and notes payable, due in more than one year	1,500,500
Total current liabilities	<u>2,628,775</u>
 <b>DEFERRED INFLOWS OF RESOURCES</b>	
Prepaid taxes	157,150
Unavailable fees	29,372
Deferred amount on pensions	16,340
Total Deferred Inflows of Resources	<u>202,862</u>
 <b>NET POSITION</b>	
Net investment in capital assets	6,543,557
Nonspendable	57,572
Restricted	2,504
Committed	2,542,562
Assigned	1,359,974
Unassigned	(1,521,378)
Total Net Position	<u>\$ 8,984,791</u>

The accompanying notes are an integral part of this financial statement.

TOWN OF NORWICH, VERMONT  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2018

EXHIBIT B

Functions/Programs:	Program Revenues			Net (Expenses) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Total
Governmental activities:						
General government	\$ 1,026,492	\$ 32,598	\$ 232,775	\$ -	\$ (761,119)	\$ (761,119)
Public safety	963,947	21,859	21,386	-	(920,702)	(920,702)
Public Works	4,286,093	155,867	409,892	2,211,662	(1,508,672)	(1,508,672)
Culture, recreation and community development	232,528	140,605	13,862	-	(78,061)	(78,061)
Health and welfare	364,761	-	-	-	(364,761)	(364,761)
Interest	66,945	-	-	-	(66,945)	(66,945)
Total governmental activities	\$ 6,940,766	\$ 350,929	\$ 677,915	\$ 2,211,662	\$ (3,700,260)	(3,700,260)
			General revenues:			
			Taxes	3,720,806	3,720,806	
			Investment income	32,010	32,010	
			Other revenues	81,495	81,495	
			Total general revenues	3,834,311	3,834,311	
			Change in net position	134,051	134,051	
			Net Position - July 1, 2017 (restated)	8,850,740	8,850,740	
			Net Position - June 30, 2018	\$ 8,984,791	\$ 8,984,791	

The accompanying notes are an integral part of this financial statement.

TOWN OF NORWICH, VERMONT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2018

EXHIBIT C

	General Fund	Public Safety Facility	Fire Apparatus Fund	Non-Major Governmental Funds	Permanent Funds	Total Governmental Funds
<b>ASSETS</b>						
Cash and cash equivalents	\$ 972,175	\$ -	\$ -	\$ -	\$ -	\$ 972,175
Accounts receivable (net of allowance for uncollectible)	13,489	-	-	240	-	13,729
Delinquent taxes receivable	143,084	-	-	-	-	143,084
Interest and penalties receivable	32,672	-	-	-	-	32,672
Grant receivable	2,143,506	-	-	74,716	-	2,218,222
Prepaid expenses	20,768	-	-	-	-	20,768
Inventory	36,804	-	-	-	-	36,804
Due from other funds	-	-	525,425	1,302,911	2,504	1,830,840
<b>Total Assets</b>	<b>\$ 3,362,498</b>	<b>\$ -</b>	<b>\$ 525,425</b>	<b>\$ 1,377,867</b>	<b>\$ 2,504</b>	<b>\$ 5,268,294</b>
<b>LIABILITIES</b>						
Accounts payable	\$ 427,806	\$ -	\$ -	\$ 5,924	\$ -	\$ 433,730
Payroll withholdings and accruals	64,716	-	-	-	-	64,716
Due to other funds	1,622,189	85,521	-	123,130	-	1,830,840
<b>Total Liabilities</b>	<b>2,114,711</b>	<b>85,521</b>	<b>-</b>	<b>129,054</b>	<b>-</b>	<b>2,329,286</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Prepaid property taxes	157,150	-	-	-	-	157,150
Unavailable property taxes, interest and penalties	166,179	-	-	-	-	166,179
Unavailable fees	29,372	-	-	-	-	29,372
Unavailable grants	2,128,298	-	-	70,892	-	2,199,190
<b>Total Deferred Inflows of Resources</b>	<b>2,480,999</b>	<b>-</b>	<b>-</b>	<b>70,892</b>	<b>-</b>	<b>2,551,891</b>
<b>FUND BALANCES</b>						
Nonspendable	57,572	-	-	-	-	57,572
Restricted	-	-	-	-	2,504	2,504
Committed	-	-	-	343,372	-	343,372
Assigned	-	-	525,425	834,549	-	1,359,974
Unassigned	(1,290,784)	(85,521)	-	-	-	(1,376,305)
<b>Total Fund Balances</b>	<b>(1,233,212)</b>	<b>(85,521)</b>	<b>525,425</b>	<b>1,177,921</b>	<b>2,504</b>	<b>387,117</b>
<b>Total Liabilities, Fund Balances and Deferred Inflows of Resources</b>	<b>\$ 3,362,498</b>	<b>\$ -</b>	<b>\$ 525,425</b>	<b>\$ 1,377,867</b>	<b>\$ 2,504</b>	<b>\$ 5,268,294</b>

The accompanying notes are an integral part of this financial statement.

TOWN OF NORWICH, VERMONT  
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET POSITION  
JUNE 30, 2018

EHHIBIT D

	<u>Total Governmental Funds</u>
Total fund balances	\$ 387,117
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds, net of accumulated depreciation	8,118,557
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds shown above:	
Taxes and liens receivable	166,179
Grants receivable	2,199,190
Deferred outflows and inflows of resources are not financial resources and therefore funds	244,077
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:	
Bonds payable	(1,575,000)
Accrued compensated absences	(75,951)
Net pension liability	<u>(479,378)</u>
Net position of governmental activities	<u><u>\$ 8,984,791</u></u>

The accompanying notes are an integral part of this financial statement.

TOWN OF NORWICH, VERMONT  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2018

EXHIBIT E

	General Fund	Public Safety Facility	Fire Apparatus Fund	Non-Major Governmental Funds	Permanent Funds	Total Governmental Funds
<b>Revenues:</b>						
Taxes	\$ 3,689,772	\$ -		\$ -		\$ 3,689,772
Intergovernmental	421,426	-		268,961		690,387
Charges for services	329,848	-		-		329,848
Permits, licenses and fees	21,081	-		-		21,081
Investment income	19,768	1,134	3,073	8,020	15	32,010
Miscellaneous revenues	44,163	3,069	9,393	24,870		81,495
Total Revenues	<u>4,526,058</u>	<u>4,203</u>	<u>12,466</u>	<u>301,851</u>	<u>15</u>	<u>4,844,593</u>
<b>Expenditures:</b>						
General government	983,399	-	-	21,940		1,005,339
Public safety	860,084	-	7,706	17,632		885,422
Public Works	3,781,560	-	-	77,855		3,859,415
Culture, recreation and community development	217,969	-	-	2,465		220,434
Cemeteries	-	-	-	-		-
Health and welfare	364,761	-	-	-		364,761
Capital outlay:						
Public Safety	15,712	1,417,899	-	9,626		1,443,237
Public Works	60,000	-	-	665,663		725,663
Debt service:						
Principal	25,914	-	-	27,500		53,414
Interest	61,639	-	-	5,306		66,945
Total Expenditures	<u>6,371,038</u>	<u>1,417,899</u>	<u>7,706</u>	<u>827,987</u>	<u>-</u>	<u>8,624,630</u>
Excess/(Deficiency) of Revenues Other Expenditures	<u>(1,844,980)</u>	<u>(1,413,696)</u>	<u>4,760</u>	<u>(526,136)</u>	<u>15</u>	<u>(3,780,037)</u>
<b>Other Financing Sources:</b>						
Issuance of debt						
Transfers in	-	-	63,000	553,610		616,610
Transfers out	(616,610)					(616,610)
Total Other Financing Sources	<u>(616,610)</u>	<u>-</u>	<u>63,000</u>	<u>553,610</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(2,461,590)	(1,413,696)	67,760	27,474	15	(3,780,037)
Fund Balances - July 1, 2017 (restated)	<u>1,228,378</u>	<u>1,328,175</u>	<u>457,665</u>	<u>1,150,447</u>	<u>2,489</u>	<u>4,167,154</u>
Fund Balances - June 30, 2018	<u>\$ (1,233,212)</u>	<u>\$ (85,521)</u>	<u>\$ 525,425</u>	<u>\$ 1,177,921</u>	<u>\$ 2,504</u>	<u>\$ 387,117</u>

The accompanying notes are an integral part of this financial statement.

TOWN OF NORWICH, VERMONT  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES OF  
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2018

EXHIBIT F

Net change in the fund balances - total governmental funds ( Statement E )	<u>\$ (3,780,037)</u>
<p>Amounts reported for governmental activities in the Statement of Activities (Statement B) are  are different because:</p>	
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of  those assets (\$2,162,228) is allocated over their estimated useful lives and reported depreciation expense  (\$538,318). This is the amount by which depreciation exceeded outlays in the current period.</p>	1,623,910
<p>The issuance of long-term debt (\$0)(e.g., bonds, leases) provides current financial resources to governmental  funds, while the repayment of the principal of long-term debt (\$53,414) consumes the current financial  resources of governmental funds. Neither transaction, however, has any effect on net position. This  amount is the net effect of these differences in the treatment of long-term debt items.</p>	53,414
<p>Revenues in the statement of activities that do not provide current financial resources are report as revenues  in the funds.</p>	2,230,224
<p>Some expenses reported in the Statement of Activities do not require the use of current financial resources and  therefore are not reported as expenditures in the governmental funds:</p>	
Accrued compensated absences	28,463
Prior audit expenses excluded from prior year fund balance	20,984
Pension expense as a result of GASB 68	<u>(42,907)</u>
Change in net position of governmental activities ( Statement B )	<u><u>\$ 134,051</u></u>

The accompanying notes are an integral part of this financial statement.

TOWN OF NORWICH, VERMONT  
 FIDUCIARY NET POSITION  
 JUNE 30, 2018

EXHIBIT G

	Cemetery	Trust Funds	Total
<b>ASSETS</b>			
Cash	\$ 22,978	\$ 200	\$ 23,178
Investments	17,995	179,742	197,737
Total assets	\$ 40,973	\$ 179,942	\$ 220,915
<b>LIABILITIES</b>			
Due to other funds	\$ -	\$ -	\$ -
Total liabilities	-	-	-
<b>FUND BALANCES</b>			
Restricted	40,973	179,942	220,915
Total fund balances	40,973	179,942	220,915
Total liabilities and fund balances	\$ 40,973	\$ 179,942	\$ 220,915

The accompanying notes are an integral part of this financial statement.

TOWN OF NORWICH, VERMONT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

The Town of Norwich, Vermont (the Town), is organized according to Vermont State Law and Town Charter, under the governance of a five-member Selectboard to provide the following services for the Town of Norwich: public health and safety, highways and streets, culture and recreation, public improvements, planning and zoning, and general administration. Included in public health and safety are police and fire services.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Town's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is primarily responsible for establishing GAAP for state and local governments through its pronouncements (including Statements and Interpretations). The more significant accounting policies established in GAAP and used by the Town are discussed below.

Reporting Entity

This report includes all of the activity of the Town of Norwich, Vermont. The financial reporting entity consists of the primary government; organizations for which the primary government is financially accountable; and other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. The primary government is financially accountable if it appoints a voting majority of the organization's governing body and it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to or impose specific financial burdens on the primary government. The primary government is financially accountable if an organization is fiscally dependent on and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the primary government regardless of whether the organization has a separately elected governing board; a governing board appointed by a higher level of government; or a jointly appointed board. Based on these criteria, there are no other entities that should be combined with the financial statements of the Town.

Basic Financial Statements

*Government-Wide Statements*

The Town's basic financial statements include both government-wide (reporting the Town as a whole) and fund financial statements (reporting the Town's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. The Town's has no activities classified as business-type. All funds are governmental-type activities.

In the government-wide Statement of Net Position, columns are presented on a consolidated basis by column and are reported on the full accrual, economic resources basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The Town's net position is reported in three parts - net investment in capital assets, restricted net position and unrestricted net position. The Town first utilizes restricted resources to finance qualifying activities for which both restricted and unrestricted resources are available.

The government-wide Statement of Activities reports both the gross and net cost of each of the Town's governmental functions. The functions are also supported by general government revenue (property taxes, certain intergovernmental revenues, and charges, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenue, including operating and capital grants. Program revenues must be directly associated with the governmental function (public safety, highways and streets, etc.). Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

Basic Financial Statements (continued)

*Government-Wide Statements (continued)*

The net costs (by governmental function) are normally covered by general revenues (property taxes, intergovernmental revenue, interest income, etc.).

TOWN OF NORWICH, VERMONT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

This government-wide focus is more on the sustainability of the Town as an entity and the change in the Town's net position resulting from the current year's activities.

*Fund Financial Statements*

The financial transactions of the Town are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, deferred inflows and outflows, fund equity, revenues and expenditures/expenses. The various funds are reported by major fund within the financial statements.

The emphasis in fund financial statements is on the major funds. GASB No. 34 sets forth minimum criteria (percentage of assets, liabilities, revenues or expenses/expenditures of the governmental funds) for the determination of major funds. The General Fund, the Public Safety Facilities Fund, the Fire Apparatus Fund, and the Permanent Fund are shown as major funds. All other funds are non-major and are combined in a single column in each of the respective fund financial statements.

Measurement Focus

The accounting and financial reporting applied to a fund is determined by its measurement focus. Government-wide and proprietary fund financial statements are reported using the economic resources measurement focus. This means that all assets, liabilities and deferred inflows and outflows associated with the operation of these funds (whether current or noncurrent) are included on the balance sheet (or statement of net position). Fund equity (i.e. net total position) is segregated into net investment in capital assets, restricted net position, and unrestricted net position. Operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net position.

Governmental fund financial statements are reported using the current financial resources measurement focus. This means that only current assets, current liabilities and deferred inflows and outflows are generally reported on their balance sheets. Their reported fund balances (net current assets – are considered a measure of available spendable resources and, are segregated into nonspendable, restricted, committed, assigned and unassigned. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of available spendable resources during a period.

Basis of Accounting

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

*Accrual Basis of Accounting*

The government-wide and proprietary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time the liabilities are incurred, regardless of when the related cash flow takes place. Non-exchange transactions, in which the Town gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

*Modified Accrual Basis of Accounting*

Governmental funds are reported using the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. "Measurable" means the amount of the transaction can be determined, and "available" means the amount is collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period.

TOWN OF NORWICH, VERMONT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

The Town considers all revenues reported in governmental funds to be available if the revenues are collected within sixty days after year-end. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, certain compensated absences and other long-term liabilities which are recognized when the obligations are expected to be liquidated or are funded with expendable available financial resources.

General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under the terms of grant agreements, the Town funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net position available to finance the program. It is the Town's policy to first apply cost-reimbursement grant resources to such programs, followed by general revenues. Expenditure driven grants are recognized as revenue when the qualifying expenditures have been incurred and other grant requirements have been met.

Cash and Cash Equivalents

The Town has defined cash and cash equivalents to include cash on hand, demand deposits, and cash with fiscal agents.

Budgetary Accounting

The Town approves an expenditure budget plus state and federal grants and gifts for the General Fund at an annual Town Meeting. The Selectboard, based on the budget and Grand List, determines the tax rate. If the expenditures exceed the budget vote, approval is required. Formal budgetary accounting is employed as a management control device during the year for the General Fund. The budget for the General Fund is adopted on a basis consistent with accounting principles generally accepted in the United States of America.

Capital Assets

Capital assets purchased or acquired with an original cost of \$5,000 or more, depending on asset type, are reported at historical cost or estimated historical cost. Contributed assets are reported at fair value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Buildings and Building Improvements	10 - 50 years
Equipment, Vehicles and Machinery	5 - 20 years
Infrastructure	8 - 20 years

GASB No. 34 requires the Town to report and depreciate new general infrastructure assets starting July 1, 2003. The Town has elected not to record infrastructure prior to this date. General infrastructure assets include roads and bridges.

Accrued Compensated Absences

*Government-Wide Financial Statements*

All vested or accumulated vacation leave is reported as a liability and an expense on the government-wide financial statements. Sick days are not accrued since they are not paid when the employee terminates employment.

TOWN OF NORWICH, VERMONT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

*Fund Financial Statements*

Amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable available financial resources are not reported as a liability in the fund financial statements and no expenditure is reported for these amounts until paid. Unused sick days may be accumulated to use in the following year, but sick days are not accrued since they are not paid when the employee terminates employment.

Net Position

Net position represents the difference between assets, deferred outflows of resources, deferred inflows of resources and liabilities in the statement of net position. Net resources invested in capital assets are reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are legal limitations imposed by its use by Town legislation or external restrictions by creditors, grantors, laws or regulations of other governments.

Fund Balances

The Town classifies its fund balances depicting the relative strength of the constraints that might control how specific amounts can be spent:

*Nonspendable fund* balance includes amounts that are not in a spendable form (inventory, for example) or are required to be maintained intact (the principal of an endowment fund, for example).

*Restricted fund* balance includes amounts that can be spent only for the specific purposes stipulated by external resource providers (for example, grant providers), constitutionally, or through enabling legislation (that is, legislation that creates a new revenue source and restricts its use such as impact fees).

*Committed fund* balance includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority, the Town voters, in this case. Commitments may be changed or lifted only by the government taking the same formal action that imposed the constraint originally.

*Assigned fund* balance comprises amounts intended to be used by the government for specific purposes. Intent can be expressed by the Town Selectboard or by an official or body to which the Selectboard delegates the authority.

*Unassigned fund* balance is the residual classification for the General Fund and includes all amounts not contained in the other classifications. Unassigned amounts are technically available for any purpose. If another governmental fund has a fund balance deficit, then it will be reported as a negative amount in the unassigned classification in that fund. Positive unassigned amounts will be reported only in the General Fund.

*Nonspendable* and Restricted funds are so-designated by external funds sources, such as in the case of the nonspendable Cemetery Trust Fund corpus, and also by the definitions of "nonspendable" contained in GASB Statement No. 54. Fund balances that are committed and assigned are so-designated by action of the voters or the Selectboard, respectively. Special revenue funds are by definition, created only to report a revenue source that is restricted or committed. In circumstances when an expenditure is made for a purpose for which amounts are available in multiple fund balance classifications, the Town's policy is to consider the most constrained fund balances to be expended first.

Excess of Expenditures Over Appropriations

For the year ended June 30, 2018, the Town expended \$306,224 less than appropriated in the General Fund. These under spent expenditures helped to offset the cost of the flooding restoration during fiscal year 2018.

TOWN OF NORWICH, VERMONT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Investments

Investments are stated at fair value, (quoted market price, or the best available estimate).

Interfund Balances

Transactions between funds that are representative of lending/borrowing arrangements that are outstanding at the end of the fiscal year are referred to as “advances to/from other funds”. All other outstanding balances between funds are reported as “due to/from other funds”. Any residual balances outstanding for the governmental activities are reported in the government-wide financial statements as “internal balances”.

Deferred Outflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, “deferred outflows of resources”, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditures) until then. The Town has one type which arises under the accrual basis of accounting that qualifies for reporting in this category. The governmental activities, and the proprietary funds report deferred outflows of resources from one source; deferred outflows related to the Town’s participation in the Vermont Employees Retirement System. These amounts are deferred and recognized as an outflow of resources in the future periods to which the outflows are related.

Deferred Inflows of Resources

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, “deferred inflows of resources”, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Town has three types of items which arise under the modified accrual basis of accounting and two types which arise under the accrual basis of accounting that qualify for reporting in this category. The statement of net position reports deferred inflows of resources from two sources; prepaid property taxes and deferred inflows related to the Town’s participation in the Vermont Employees Retirement System. The governmental funds balance sheet reports deferred inflows of resources from three sources; prepaid property taxes, unavailable property taxes, penalties and interest and unavailable receivables. The proprietary funds report deferred inflows of resources from one source; deferred inflows related to the Town’s participation in the Vermont Employees Retirement System. These amounts are deferred and recognized as an inflow of resources in the future periods to which the inflows are related or when the amounts become available.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

New Pronouncement – Pension Plans

Effective June 30, 2015, the Town implemented GASB Statement No. 68, “Financial Reporting for Pension Plans” – an amendment of GASB Statement No. 27. GASB Statement No. 68 requires the reporting of the proportionate share of the net pension liability related to the Town’s participation in the Vermont Municipal Employees’ Retirement System (VMERS) as well as additional disclosures and required supplemental information.

TOWN OF NORWICH, VERMONT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

**NOTE 2 - EXPLANATION OF DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND GOVERNMENT-WIDE STATEMENTS**

Governmental Fund financial statements are presented using the current financial resources measurement focus and the modified accrual basis of accounting, while government-wide financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. These differences in the measurement focus and basis of accounting lead to differences between the governmental fund financial statements and the government-wide financial statements, as follows:

*Long-term revenue* differences arise because governmental funds report revenues only when they are considered "available", whereas government-wide statements report revenues when they are earned. Long-term expense differences arise because governmental funds report operating expenses (including interest) using the modified accrual basis of accounting, whereas government-wide statements report expenses using the accrual basis of accounting.

*Capital-related* differences arise because governmental funds report capital outlays as current period expenditures, whereas government-wide statements report depreciation expense as an expense. Further, governmental funds report the proceeds for the sale of capital assets as revenue, whereas government-wide statements report the gain or loss from the sale of capital assets as revenue or expense.

*Long-term debt* transaction differences arise because governmental funds report bond proceeds as other financing sources and principal payments as expenditures, whereas government-wide statements report those transactions as increases and decreases in liabilities.

TOWN OF NORWICH, VERMONT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

**NOTE 2 - EXPLANATION OF DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND GOVERNMENT-WIDE STATEMENTS (continued)**

A detailed explanation of the differences between governmental funds balance sheet and government-wide statement of net position is as follows:

	Total Governmental Funds	Long-term Revenues/ Expenses	Capital- Related Items	Long-term Debt Transactions	Elimination of Due To/From	Statement of Net Position Total
<b>ASSETS</b>						
Cash	\$ 972,175	\$ -	\$ -	\$ -	\$ -	\$ 972,175
Investments	-	-	-	-	-	-
Receivable (net of allowance for uncollectible accounts):	-	-	-	-	-	-
Taxes receivable	13,729	-	-	-	-	13,729
Interest and penalties	143,084	-	-	-	-	143,084
Grant receivable	32,672	-	-	-	-	32,672
Prepaid expenses	2,218,222	-	-	-	-	2,218,222
Inventory	20,768	-	-	-	-	20,768
Due from other funds	36,804	-	-	-	-	36,804
Capital assets	1,830,840	-	-	-	(1,830,840)	-
Total assets	<u>5,268,294</u>	<u>-</u>	<u>8,118,557</u>	<u>-</u>	<u>(1,830,840)</u>	<u>11,556,011</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
	-	260,417	-	-	-	260,417
<b>LIABILITIES</b>						
Accounts payable	433,730	-	-	-	-	433,730
Accrued expenses	-	-	-	-	-	-
Accrued payroll and withholdings	64,716	-	-	-	-	64,716
Net pension liability	-	479,378	-	-	-	479,378
Non-current obligations	-	75,951	-	1,575,000	-	1,650,951
Due from other funds	1,830,840	-	-	-	(1,830,840)	-
Total Liabilities	<u>2,329,286</u>	<u>555,329</u>	<u>-</u>	<u>1,575,000</u>	<u>(1,830,840)</u>	<u>2,628,775</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Prepaid taxes	157,150	-	-	-	-	157,150
Unavailable property taxes	166,179	(166,179)	-	-	-	-
Pension	-	16,340	-	-	-	16,340
Unavailable fees	29,372	-	-	-	-	29,372
Unavailable grants	2,199,190	(2,199,190)	-	-	-	-
Total Deferred Inflows of Resources	<u>2,551,891</u>	<u>(2,349,029)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>202,862</u>
<b>NET ASSETS</b>						
Invested in capital assets	-	-	8,118,557	(1,575,000)	-	6,543,557
Nonspendable	57,572	-	-	-	-	57,572
Restricted	2,504	-	-	-	-	2,504
Committed	343,372	2,199,190	-	-	-	2,542,562
Assigned	1,359,974	-	-	-	-	1,359,974
Unrestricted	(1,376,305)	(145,073)	-	-	-	(1,521,378)
Total Net Assets	<u>\$ 387,117</u>	<u>\$ 2,054,117</u>	<u>\$ 8,118,557</u>	<u>\$ (1,575,000)</u>	<u>\$ -</u>	<u>\$ 8,984,791</u>

TOWN OF NORWICH, VERMONT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

**NOTE 2 - EXPLANATION OF DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND GOVERNMENT-WIDE STATEMENTS (continued)**

A detailed explanation of the differences between governmental funds statement of revenues, expenditures and changes in fund balances and government-wide statement of activities is as follows:

	Total Governmental Funds	Long-term Revenues/ Expenses	Capital- Related Items	Long-term Debt Transactions	Statement of Net Assets Total
<b>REVENUES</b>					
Taxes	\$ 3,689,772	\$ 31,034	\$ -	\$ -	\$ 3,720,806
Intergovernmental	690,387	2,199,190	-	-	2,889,577
Charges for current services	329,848	-	-	-	329,848
Permits and licenses	21,081	-	-	-	21,081
Interest	32,010	-	-	-	32,010
Other revenues	81,495	-	-	-	81,495
Total Revenues	<u>4,844,593</u>	<u>2,230,224</u>	<u>-</u>	<u>-</u>	<u>7,074,817</u>
<b>EXPENDITURES</b>					
Current expenditures					
General government	1,005,339	(28,463)	27,693	21,923	1,026,492
Public safety	885,422	-	78,525	-	963,947
Public works	3,859,415	-	420,006	6,672	4,286,093
Culture, recreation and community development	220,434	-	12,094	-	232,528
Health and welfare	364,761	-	-	-	364,761
Capital outlay:					
Public safety	1,443,237	-	(1,443,237)	-	-
Public works	725,663	-	(725,663)	-	-
Debt services:					
Principal	53,414	-	-	(53,414)	-
Interest	66,945	-	-	-	66,945
Total expenditures	<u>8,624,630</u>	<u>(28,463)</u>	<u>(1,630,582)</u>	<u>(24,819)</u>	<u>6,940,766</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(3,780,037)</u>	<u>2,258,687</u>	<u>1,630,582</u>	<u>24,819</u>	<u>134,051</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	616,610	-	-	-	616,610
Transfers out	<u>(616,610)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(616,610)</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	<u>\$ (3,780,037)</u>	<u>\$ 2,258,687</u>	<u>\$ 1,630,582</u>	<u>\$ 24,819</u>	<u>\$ 134,051</u>

TOWN OF NORWICH, VERMONT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

**NOTE 3 – CASH AND CASH EQUIVALENTS**

At June 30, 2018, the carrying amount of the Town's deposits with financial institutions was \$972,175. Of the funds on deposit, \$250,000 was covered by the Federal Deposit Insurance Corporation (FDIC), and was collateralized. The Town has a collateralization agreement with Mascoma Bank, of which the remainder is collateralized to the extent its deposits exceed FDIC insurance limits.

The cash deposits held at financial institutions and cash on hand can be categorized according to four levels of risk:

Category 1 - Deposits which are insured or collateralized with securities held by the Town or by its agent in the Town's name (repurchase agreements).

Category 2 - Deposits which are collateralized with securities held by the pledging financial institution's trust department or agent in the Town's name

Category 3 - Private commercial insurance protection or letters of credit for funds in excess of FDIC limits.

Category 4 - Deposits which are not collateralized or insured (includes cash on hand).

Balances held in each area are as follows:

	Bank Balance	Book Balance
Insured by FDIC	\$ 250,000	\$ 250,000
Category 3	722,175	1,210,862
Total Deposits	\$ 972,175	\$ 1,460,862

The difference between the book balance and bank balance is due to reconciling items such as deposits in transit and outstanding checks. Due to higher cash flows at certain times during the year, the amount of uninsured, and not collateralized cash could have been much higher than at year end.

Balances in excess of FDIC insurance limits are collateralized by Mascoma Savings Bank Public Unit Deposit Irrevocable Stand-by Letter of Credit #377075 to a maximum of \$8,000,000.

None of the Town's cash deposits at year end are subject to credit risk, concentration of credit risk, interest rate risk, or foreign currency risk. The Town does not have policies regarding custodial credit risk, credit risk, concentration of credit risk, interest risk, or foreign currency risk.

GASB Statement No. 40 requires the Town's investments be categorized indicating the level of risk assumed by the Town at year end. Category 1 includes investments that are insured or registered or securities that are held by the Town or its agent in the Town's name. Category 2 includes uninsured and unregistered investments which are held by a trust department or agent in the Town's name. At June 30, 2018, all the Town's investments were in Category 3.

TOWN OF NORWICH, VERMONT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

**NOTE 4 - CAPITAL ASSET ACTIVITY**

Capital asset activity of the Town for the year ended June 30, 2018, is as follows:

Governmental Activities	Balance June 30, 2017	Additions	Deletions	Balance June 30, 2018
Capital assets, not being depreciated:				
Land	\$ 653,559	\$ -	\$ -	\$ 653,559
Art	11,140	-	-	11,140
Capital assets being depreciated:				
Buildings/improvements	1,991,248	1,871,857	1,672	3,861,433
Vehicles	1,758,543	91,821	5,000	1,845,364
Equipment	1,031,465	82,576	-	1,114,041
Mobile equipment	1,184,485	-	-	1,184,485
Infrastructure	5,836,776	122,646	-	5,959,422
Total capital assets, being depreciated	<u>11,802,517</u>	<u>2,168,900</u>	<u>6,672</u>	<u>13,964,745</u>
Less Accumulated Depreciation:				
Buildings/improvements	984,244	30,111	-	1,014,355
Vehicles	1,019,061	108,230	-	1,127,291
Equipment	444,232	52,192	-	496,424
Mobile equipment	439,449	33,854	-	473,303
Infrastructure	3,085,583	313,931	-	3,399,514
Total Accumulated Depreciation	<u>5,972,569</u>	<u>538,318</u>	<u>-</u>	<u>6,510,887</u>
Net Assets	<u>\$ 6,494,647</u>	<u>\$ 1,630,582</u>	<u>\$ 6,672</u>	<u>\$ 8,118,557</u>

Depreciation expense was charged to governmental functions as follows:

General government	\$ 27,693
Public works	420,006
Public safety	78,525
Recreation	12,094
	<u>\$ 538,318</u>

TOWN OF NORWICH, VERMONT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

**NOTE 5 - INTERFUND BALANCES AND TRANSFERS**

***Interfund Balances***

Interfund balances at June 30, 2018 are as follows:

	<u>Receivables</u>	<u>Payables</u>
General fund	\$ -	\$ 1,622,189
Public Safety Facility	-	85,521
Fire Apparatus	525,425	-
Special Revenue	343,372	-
Capital Project	836,409	-
Permanent Funds	2,504	-
Total	<u>\$ 1,707,710</u>	<u>\$ 1,707,710</u>

***Operating Interfund Transfers***

The Town occasionally transfers funds to cover expenditures made in one fund for which the revenues are in another fund. Interfund transfers during the year ending June 30, 2018 are detailed below.

	<u>Transfers in</u>			<u>Total</u>
	<u>Fire</u>	<u>Special</u>	<u>Capital Project</u>	
Transfers out				
General Fund	\$ 63,000	\$ 15,500	\$ 538,110	\$ 616,610
Total	<u>\$ 63,000</u>	<u>\$ 15,500</u>	<u>\$ 538,110</u>	<u>\$ 616,610</u>

**NOTE 6 – DEFERRED OUTFLOWS OF RESOURCES**

Deferred outflows of resources in the Governmental Activities consists of \$260,417 of required employer pension contributions made subsequent to the measurement date, as further described in Note 9.

**NOTE 7 – DEFERRED INFLOWS OF RESOURCES**

Deferred inflows of resources in the Governmental Activities (Exhibit A) consists of \$157,150 from prepaid property taxes, unavailable fees \$29,372 and \$16,340 resulting from the difference between the projected and actual investment earnings related to the Town's participation in the Vermont Municipal Employee's Retirement System (VMERS), as further described in Note 9. Total deferred inflows of resources in the Governmental Activities is \$202,862.

Deferred inflows of resources in the General Fund (Exhibit C) consists of \$157,150 of prepaid property taxes, \$166,179 of delinquent property taxes (including penalties and interest on those taxes) that were not collected within sixty (60) days after year-end as these would not be available to liquidate current liabilities, \$29,372 in unavailable fees and \$2,128,298 in deferred grants receivable. Total deferred inflows of resources in the General Fund \$2,480,999.

TOWN OF NORWICH, VERMONT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

**NOTE 8 – LONG-TERM LIABILITIES**

The following is a summary of long-term liabilities for the year ended June 30, 2018.

	Balance June 30, 2017	Additions	Reductions	Balance June 30, 2018	Due Within One Year
Governmental Activities					
Bonds and notes payable					
2013 Bond	\$ 192,500		\$ 27,500	\$ 165,000	\$ 27,500
2017 Bond	1,410,000			1,410,000	47,000
	<u>1,602,500</u>	<u>-</u>	<u>27,500</u>	<u>1,575,000</u>	<u>74,500</u>
Capital leases	25,914		25,914	-	
Accrued compensated absences	104,414	-	28,463	75,951	-
Net pension liability	515,194	-	35,816	479,378	-
Government activities long-term debt	<u>\$ 2,248,022</u>	<u>\$ -</u>	<u>\$ 117,693</u>	<u>\$ 2,130,329</u>	<u>\$ 74,500</u>

Long-term debt will mature approximately as follows:

Years ending	Principal	Interest	Total
June 30, 2019	\$ 74,500	\$ 53,725	\$ 128,225
June 30, 2020	74,500	52,274	126,774
June 30, 2021	74,500	51,654	126,154
June 30, 2022	74,500	48,867	123,367
June 30, 2023	74,500	46,913	121,413
June 30, 2024-2028	262,500	208,476	470,976
June 30, 2029-2033	235,000	170,183	405,183
Thereafter	705,000	292,516	997,516
Total	<u>\$ 1,575,000</u>	<u>\$ 924,608</u>	<u>\$ 2,499,608</u>

TOWN OF NORWICH, VERMONT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

**NOTE 9 - FUND BALANCE/NET POSITION CATEGORIES**

The fund balances/net position of the Town are categorized as follows:

	Nonspendable	Restricted	Committed	Assigned	Unassigned	Total Fund Balances
General Fund	\$ 57,572	\$ -	\$ -	\$ -	\$ (1,290,784)	\$ (1,233,212)
Public Safety Facilities Fund	-	-	-	-	(85,521)	(85,521)
Fire Apparatus Fund	-	-	-	525,425	-	525,425
Permanent Fund	-	2,504	-	-	-	2,504
Special Revenues Fund						
Conservation Commission Fund	-	-	151,477	-	-	151,477
Recreation Facility Fund	-	-	38,348	-	-	38,348
Affordable Housing Fund	-	-	45,671	-	-	45,671
Land Management Council Fund	-	-	13,925	-	-	13,925
Citizen Assistance Fund	-	-	4,074	-	-	4,074
Recreation Scholarships Fund	-	-	4,358	-	-	4,358
General Administration Fund	-	-	31,444	-	-	31,444
Communications Study Fund	-	-	16,312	-	-	16,312
Records Restoration Fund	-	-	37,763	-	-	37,763
Total Special Projects Fund	-	-	343,372	-	-	343,372
Capital Projects Fund						
Highway Equipment Fund	-	-	-	237,130	-	237,130
Highway Garage Fund	-	-	-	(122,890)	-	(122,890)
Solid Waste Equipment Fund	-	-	-	27,105	-	27,105
Police Station Fund	-	-	-	7,039	-	7,039
Police Cruiser Fund	-	-	-	69,940	-	69,940
Tracy Hall Fund	-	-	-	25,431	-	25,431
Recreation Fund	-	-	-	1,871	-	1,871
Recreation Tennis Court Fund	-	-	-	4,529	-	4,529
Police Spec Equipment Fund	-	-	-	11,268	-	11,268
Fire Station Fund	-	-	-	18,161	-	18,161
Fire Equipment Fund	-	-	-	68,167	-	68,167
Sidewalk Fund	-	-	-	67,216	-	67,216
Long-term Facility Study Fund	-	-	-	458	-	458
DPW Bridge Fund	-	-	-	201,790	-	201,790
DPW Paving Fund	-	-	-	176,131	-	176,131
Buildings and Grounds Fund	-	-	-	26,096	-	26,096
Communications Construction Fund	-	-	-	-	-	-
Generator Fund	-	-	-	15,107	-	15,107
Other Funds	-	-	-	-	-	-
Total Capital Projects Fund	-	-	-	834,549	-	834,549
Total Fund Balances	\$ 57,572	\$ 2,504	\$ 343,372	\$ 1,359,974	\$ (1,376,305)	\$ 387,117

TOWN OF NORWICH, VERMONT  
 NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2018

**NOTE 10 – CONTINGENT LIABILITIES**

The Town participates in a number of federally assisted and state grant programs that are subject to audits by the grantors or their representatives. The audits of these programs for or including the year ended June 30, 2018 have not yet been reviewed by the grantor agencies. Accordingly, compliance with applicable grant requirements will be established at some future date. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the Town expects such amounts, if any, to be immaterial.

**NOTE 11 - PROPERTY TAXES**

Property taxes are assessed based on valuations as of April 1, annually. Property taxes were due in two installments on August 18, 2017 and February 16, 2018. All late payments are subject to an 8% penalty and interest is calculated at 1 1/2% per month. Payments received after February 16, 2018 are assessed an 8% penalty. All other late payments are assessed 1% per month for three months and 1.5% per month thereafter.

Town property tax revenue is recognized in the General Fund for the period for which the tax is levied to the extent they result in current receivables, which will be collected within 60 days of the fiscal year end. The tax rates for fiscal year 2017/2018 were as follows:

Tax Rates	Residential	Non-Residential
Municipal	\$ 0.4900	\$ 0.4900
Voted Exempt	0.0053	0.0053
County Tax	0.0077	0.0077
Homestead Education	1.8122	1.5461
	\$ 2.3152	\$ 2.0491

**NOTE 12 - PENSION PLANS**

Defined Benefit Plan

*Plan Description*

The Vermont Municipal Employees' Retirement System (VMERS) is a cost-sharing, multiple-employer defined benefit pension plan that is administered by the State Treasurer and its Board of Trustees. It is designed for municipal and school district employees that work on a regular basis and includes employees of museums and libraries if at least half of that institution's operating expenses are met by municipal funds. An employee of any employer that becomes affiliated with the system may join at that time or at any time thereafter. Any employee hired subsequent to the effective participation date of their employer who meets the minimum hourly requirements is required to join the system. During the year ended June 30, 2018, the retirement system consisted of 437 participating employers.

The plan was established effective July 1, 1975, and is governed by Title 24, V.S.A. Chapter 125.

The general administration and responsibility for formulating administrative policy and procedures of the retirement system for its members and their beneficiaries is vested in the Board of Trustees consisting of five members. They are the State Treasurer, two employee representatives elected by the membership of the system, and two employer representatives-one elected by the governing bodies of participating employers of the system, and one selected by the Governor from a list of four nominees. The list of four nominees is jointly submitted by the Vermont League of Cities and Towns and the Vermont School Boards Association.

All assets are held in a single trust and are available to pay retirement benefits to all members. Benefits available to each group are based on average final compensation (AFC) and years of creditable service.

TOWN OF NORWICH, VERMONT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

**NOTE 12 - PENSION PLANS (Continued)**

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources

As of June 30, 2017, the measurement date selected by the State of Vermont, VMERS was funded at 83.64% and had a plan fiduciary net position of \$619,510,342 and a total pension liability of \$740,665,894 resulting in a net pension liability of \$121,155,552. As of June 30, 2018, the Town's proportionate share of this was 0.39567150% resulting in a liability of \$479,378. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. As of June 30, 2017, the Town's proportion of 0.39567150% was an increase of 0.00393% from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the Town recognized pension expense of \$42,907.

As of June 30, 2018, the Town reported deferred outflows of resources and deferred inflows of resources from the following sources:

	<u>Deferred Outflow of</u>	<u>Deferred Inflow of</u>
Difference between expected and actual experience	\$ 6,974	\$ 11,867
Changes in assumptions	100,357	-
Difference between projected and actual earnings on pension plan investments	79,843	-
Changes in proportional share of contributions	-	-
Difference between the employer contributions and proportionate share of total contributions	632	4,473
Town's required employer contributions made subsequent to the measurement date	<u>72,611</u>	<u>-</u>
	<u>\$ 260,417</u>	<u>\$ 16,340</u>

The deferred outflows of resources resulting from the Town's required employer contributions made subsequent to the measurement date in the amount of \$72,611 will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

Year end June 30	<u>Liability</u>
2018	\$ 61,941
2019	89,737
2020	24,138
2021	(4,350)
2022	-
	<u>\$ 171,466</u>

TOWN OF NORWICH, VERMONT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

**NOTE 12 - PENSION PLANS (Continued)**

Summary of System Provisions

*Membership:*

Full time employees of participating municipalities. The Town elected coverage under Groups B and C.

*Creditable Service:*

Service as a member plus purchased service.

*Average Final Compensation (AFC):*

Group B and C – Average annual compensation during highest 3 consecutive years.

*Service Retirement Allowance:*

Eligibility: Group B – The earlier of age 62 with 5 years of service or age 55 with thirty 30 years of service.

Group C – Age 55 with 5 years of service.

Amount: Group B – 1.7% of AFC times service as a Group B member plus percentage earned as a Group A member times AFC.

Group C – 2.5% of AFC times service as a Group C member plus percentage earned as a Group A or B member times AFC.

Maximum benefit is 60% of AFC for Group B and 50% of AFC for Group C. The above amounts include the portion of the allowance provided by member contributions.

*Early Retirement Allowance:*

Eligibility: Age 55 with 5 years of service for Group B.

Amount: Normal allowance based on service and AFC at early retirement, reduced by 6% for each year commencement precedes normal retirement age for Group B members.

*Vested Retirement Allowance:*

Eligibility: 5 years of service.

Amount: Allowance beginning at normal retirement age based on AFC and service at termination. The AFC is to be adjusted annually by one-half of the percentage change in the Consumer Price Index, subject to the limits on "Post-Retirement Adjustments" described below.

*Disability Retirement Allowance:*

Eligibility: 5 years of service and disability as determined by Retirement Board.

Amount: Immediate allowance based on AFC and service to date of disability.

*Death Benefit:*

Eligibility: Death after 5 years of service.

Amount: For Groups B and C, reduced early retirement allowance under 100% survivor option commencing immediately or, if greater, survivor(s) benefit under disability annuity computed as of date of death.

*Optional Benefit and Death after Retirement:*

For Groups A, B and C, lifetime allowance or actuarially equivalent 50% or 100% joint and survivor allowance with refund of contribution guarantee.

TOWN OF NORWICH, VERMONT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

**NOTE 12 - PENSION PLANS (Continued)**

*Refund of Contribution:*

Upon termination, if the member so elects or if no other benefit is payable, the member's accumulated contributions are refunded.

*Post-Retirement Adjustments:*

Allowance in payment for at least one year increased on each January 1 by one-half of the percentage increase in Consumer Price Index but not more than 3% Groups B and C.

*Member Contributions:*

Group B – 4.875%  
Group C – 10.00%

*Employer Contributions:*

Group B – 5.5%  
Group C – 7.25%

*Retirement Stipend:*

\$25 per month payable at the option of the Board of Retirees.

Significant Actuarial Assumptions and Methods

Investment rate of return:

7.5%, net of pension plan investment expenses, including inflation.

Salary increases:

5% per year.

Mortality:

Death in Active Service: Group B and C – 98% of RP-2014 blended 60% Blue Collar Employee, 40% Healthy Employee with generational projection using Scale SSA-2017.

Healthy Post-retirement: Group B and C – 98% of RP-2014 blended 60% Blue Collar Annuitant, 40% Healthy Annuitant with generational projection using Scale SSA-2017.

Disability Post-retirement: All Groups – RP-2014 Disabled Mortality Table with generational projection using Scale SSA-2017.

Spouse's Age: - Females three years younger than males.

Cost-of-Living Adjustments: Assumed to occur on January 1 following one year of retirement at the rate of 1.3% per annum for Groups B and C members. (beginning at Normal Retirement eligibility age for members who elect reduced early retirement, at age 62 for members of Group B, who receive a disability retirement benefit and at age 55 for members of Group C who receive a disability retirement benefit.). The January 1, 2018 is assumed to be 0.75% for all groups.

Actuarial Cost Method - Entry Age Actuarial Cost Method. Entry Age is the age at date of employment or, if date is unknown, current age minus years of service. Normal Cost and Actuarial Accrued Liability are calculated on an individual basis and are allocated by salary, with Normal Cost determined using the plan of benefits applicable to each participant.

Asset Valuation Method – A smoothing method is used, under which the value of assets for actuarial purposes equals market value less a five-year phase-in of the differences between actual and assumed investment return. The value of assets for actuarial purposes may not differ from market value of assets by more than 20%.

TOWN OF NORWICH, VERMONT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

**NOTE 12 - PENSION PLANS (Continued)**

Inflation: 2.5%

Long-term Expected Rate of Return: The long-term expected rate of return on pension plan investments was determined using building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2017, is summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
US Equity	16.00%	6.07%
Non-US Equity	16.00%	7.42%
Global Equity	9.00%	6.85%
Fixed Income	24.00%	2.41%
Real Estate	8.00%	4.62%
Private Markets	15.00%	7.80%
Hedge Funds	8.00%	3.95%
Risk Parity	4.00%	4.84%
	100.00%	

Discount Rate - The discount rate used to measure the total pension liability was 7.50%. In accordance with paragraph 29 of GASB 68, professional judgement was applied to determine that the System's projected fiduciary net position exceeds projected benefit payments for current active and inactive members for all years. The analysis was based on the expectations that employers will continue to contribute at the rates set by the Board, which excel the actuarially determined contribution, which is comprised on an employer normal cost payment and a payment to reduce the unfunded liability to zero by June 30, 2038. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The following presents the net pension liability calculated, using the discount rate of 7.50%, as well as what the net pension liability would be if it were calculated using a discount rate that is one percent lower (6.50%) or one percent higher (8.50%):

<u>1% Decrease (6.50%)</u>	<u>Discount Rate (7.50%)</u>	<u>1% Increase (8.50%)</u>
\$855,898	\$479,378	\$167,116

*Additional Information*

Additional information regarding the State of Vermont Municipal Employees' Retirement System, including the details of the Fiduciary Net Position, is available upon request from the State of Vermont.

**NOTE 13 - RISK MANAGEMENT**

The Town of Norwich is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town maintains insurance coverage through the Vermont League of Cities and Towns Property and Casualty Intermunicipal Fund, Inc. covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Town. Settled claims have not exceeded this coverage in any of the past three fiscal years.

TOWN OF NORWICH, VERMONT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018

**NOTE 13 - RISK MANAGEMENT (Continued)**

The Town must remain a member for a minimum of one year and may withdraw from the Fund after that time by giving sixty days' notice. Fund underwriting, and rate-setting policies have been established after consultation with actuaries. Fund members are subject to a supplemental assessment in the event of deficiencies. If the assets of the Fund were to be exhausted, members would be responsible for the Fund's liabilities.

**NOTE 15 – SUBSEQUENT EVENTS**

Events of the Town have been evaluated from July 1, 2018 through the date of these financial statements for subsequent events which would impact the financial standing. On July 1, 2018, the Town received a \$4,000,000 line of credit to bridge the costs of storm damage repairs of July 2017 until FEMA funds are received. The line of credit bears interest at 1.5% and is due and payable by July 1, 2019.

TOWN OF NORWICH, VERMONT  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
 VMERS DEFINED BENEFIT PLAN  
 JUNE 30, 2018

SCHEDULE 1

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total Plan Net Pension Liability	\$ 121,155,552	\$ 128,696,167	\$ 77,095,810	\$ 9,126,613	\$ -
Town's Proportion of the Net Pension Liability	0.3957%	0.4003%	0.4098%	0.4059%	0.41%
Town's Proportionate Share of the Net Pension Liability	\$ 479,378	\$ 515,194	\$ 315,943	\$ 37,041	\$ 147,563.00
Town's Covered Employee Payroll	\$ 1,240,363	\$ 1,090,845	\$ 1,024,685	\$ 996,414	\$ 956,992.00
Town's Proportionate Share of the Net Pension Liability as a Percentage of Town's Covered Employee Payroll	38.6482%	47.2289%	30.8332%	3.7174%	15.4195%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014	June 30, 2013

**Notes to Schedule**

Benefit Changes: None.

Changes in Assumptions: The discount rate used to measure the net pension liability maintained at 7.95%.

Fiscal year 2013 was the first year of implementation, therefore, only five years are shown.

TOWN OF NORWICH, VERMONT  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
 VMERS DEFINED BENEFIT PLAN  
 JUNE 30, 2018

SCHEDULE 1

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually Required Contribution (Actuarially Determined)	\$ 72,611	\$ 60,842	\$ 57,825	\$ 52,352	\$ 48,648
Contributions in Relation to the Actuarially Determined Contributions	<u>(72,611)</u>	<u>(60,842)</u>	<u>(57,825)</u>	<u>(52,352)</u>	<u>\$ (48,648)</u>
Contribution Excess/(Deficiency)	<u>\$ 145,222</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Town's Covered Employee Payroll	\$ 1,240,363	\$ 1,090,845	\$ 1,024,685	\$ 996,414	956,992
Contributions as a Percentage of Town's Covered Employee Payroll	5.85%	5.58%	5.64%	5.25%	5.10%

**Notes to Schedule**

Valuation Date: June 30, 2017

Fiscal year 2014 was the first year of implementation, therefore, only five years are shown.

TOWN OF NORWICH, VERMONT  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE  
GENERAL FUND  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2018

SCHEDULE 3

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	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>REVENUES:</b>			
Property taxes:			
Current	\$ 3,659,170	\$ 3,641,727	\$ (17,443)
Interest and penalties	42,000	48,045	6,045
Payments in lieu of taxes	25,000	35,765	10,765
Current use program	183,165	177,631	(5,534)
Other taxes	168,257	168,170	(87)
Total property taxes	<u>4,077,592</u>	<u>4,071,338</u>	<u>(6,254)</u>
 Licenses and permits:			
Dog licenses	2,800	2,738	(62)
Liquor licenses	555	670	115
Hunt and fishing	225	221	(4)
Building permits	9,000	8,525	(475)
Other	300	310	10
Total licenses and permits	<u>12,880</u>	<u>12,464</u>	<u>(416)</u>
 Charges for services:			
Recording fees	28,500	21,630	(6,870)
Document fees	2,400	2,264	(136)
Rental fees	7,000	6,772	(228)
Field Rental	32,000	30,766	(1,234)
Police fines	10,000	8,158	(1,842)
Other	15,025	39,548	24,523
Total charges for services	<u>94,925</u>	<u>109,138</u>	<u>14,213</u>
 Grant revenue:			
FEMA	2,113,518	-	(2,113,518)
General government	7,141	2,789	(4,352)
Public works	27,252	33,066	5,814
Public Safety	21,386	792	(20,594)
Total grant revenue	<u>2,169,297</u>	<u>36,647</u>	<u>(2,132,650)</u>
 Total recreation	<u>188,000</u>	<u>140,605</u>	<u>(47,395)</u>
 Sanitation			
User Fees	159,300	148,272	(11,028)
Recycling Income	3,000	7,595	4,595
Total sanitation	<u>162,300</u>	<u>155,867</u>	<u>(6,433)</u>
 Total revenues	<u>\$ 6,704,994</u>	<u>\$ 4,526,058</u>	<u>\$ (2,178,936)</u>

The accompanying notes are an integral part of this financial statement.

TOWN OF NORWICH, VERMONT  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE  
GENERAL FUND  
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FOR THE YEAR ENDED JUNE 30, 2018

SCHEDULE 3

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EXPENDITURES:	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
Town administration:			
Salaries	\$ 145,172	\$ 130,756	\$ 14,416
Payroll taxes and benefits	61,107	58,673	2,434
Professional services	35,000	38,722	(3,722)
Dues and subscriptions	6,372	6,188	184
Office, printing, publications	8,950	8,770	180
Other	11,051	5,404	5,647
Total town administration	<u>267,652</u>	<u>248,512</u>	<u>19,140</u>
BCA/BOA:			
Salaries	475	-	475
Other	550	212	338
Total BCA/BOA	<u>1,025</u>	<u>212</u>	<u>813</u>
Stat Mtgs Expenditures:			
Salaries	300	-	300
Voting machine	2,015	1,286	729
Printing	1,900	1,852	48
Other	440	25	415
Total Stat Meetings	<u>4,655</u>	<u>3,163</u>	<u>1,492</u>
Town Clerk expenditures:			
Salaries	104,976	104,907	69
Payroll taxes and benefits	44,335	43,795	540
Software	3,000	3,275	(275)
Designated Fund - Record Restoration	9,000	9,000	-
Supplies, other	3,245	2,078	1,167
Total Town Clerk	<u>164,556</u>	<u>163,054</u>	<u>1,502</u>
Finance department:			
Salaries	96,662	88,247	8,415
Payroll taxes and benefits	23,031	17,476	5,555
Audit	9,600	9,600	-
Supplies, software, other	4,040	2,975	1,065
Total Finance department	<u>133,333</u>	<u>118,298</u>	<u>15,035</u>
General administrative expenditures:			
Postage	3,700	3,497	203
Server maintenance	5,000	7,451	(2,451)
Office supplies	2,500	3,827	(1,327)
Designated fund - Equipment	5,500	5,500	-
Computers/website	1,800	240	1,560
Utilities and other	\$ 900	\$ 774	\$ 126
Total general administrative	<u>19,400</u>	<u>21,289</u>	<u>(1,889)</u>

The accompanying notes are an integral part of this financial statement.

TOWN OF NORWICH, VERMONT  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE  
GENERAL FUND  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2018

SCHEDULE 3

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	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Assessor/Lister expenditures:</b>			
Salaries	21,620	18,583	3,037
Payroll taxes and benefits	8,051	4,765	3,286
Professional services	69,000	44,200	24,800
Software	6,500	6,082	418
Office, supplies, other	2,700	1,678	1,022
Total Assessor/Lister	107,871	75,309	32,562
<b>Planning Department expenditures:</b>			
Salaries	90,591	94,224	(3,633)
Payroll taxes and benefits	25,731	23,910	1,821
Planning and mapping	10,877	10,745	132
Historic preservation	18,690	17,846	844
Office, supplies, other	3,400	2,356	1,044
Total Planning	149,289	149,082	207
<b>Recreation Department expenditures:</b>			
<b>Administration:</b>			
Salaries	68,698	69,675	(977)
Payroll taxes and benefits	18,373	18,563	(190)
Dues, meeting, education	850	744	106
Office, supplies, other	1,650	991	659
Total Administration	89,571	89,972	(401)
<b>Program:</b>			
Instructor/umpire fees	92,000	66,062	25,938
Summer program salaries	14,000	11,003	2,997
Payroll taxes and benefits	1,371	1,419	(48)
Rental fees	13,500	13,230	270
Equipment and materials	9,400	4,864	4,536
Registration fees	8,500	6,517	1,983
Entry fees and special events	2,000	2,313	(313)
Total Program	140,771	105,407	35,364
<b>Recreation facilities:</b>			
Field care	10,000	8,831	1,169
Line markings	4,300	3,500	800
Designated fund - Tennis Courts	4,500	4,500	-
Repairs & Maintenance	2,000	2,411	(411)
Other	1,600	1,004	596
Total Recreation	22,400	20,246	2,154
Total Recreation	252,742	215,625	37,117

The accompanying notes are an integral part of this financial statement.

TOWN OF NORWICH, VERMONT  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE  
GENERAL FUND  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2018

SCHEDULE 3

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	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
Police Station expenditures:			
Telephone	\$ 4,500	\$ 3,994	\$ 506
Electricity	3,250	1,540	1,710
Heating	2,250	364	1,886
Repairs & Maintenance	1,500	2,501	(1,001)
Other	760	1,724	(964)
Total Police Station	<u>12,260</u>	<u>10,123</u>	<u>2,137</u>
Police Department expenditures:			
Salaries and benefits:			
Salaries	338,234	304,606	33,628
Payroll taxes and benefits:	136,071	100,016	36,055
	<u>474,305</u>	<u>404,622</u>	<u>69,683</u>
Community policing:			
Animal containment	1,000	1,127	(127)
Community relations	1,200	345	855
Speed signs	1,500	819	681
	<u>3,700</u>	<u>2,291</u>	<u>1,409</u>
Equipment and Maintenance:			
Petroleum products	8,500	7,387	1,113
Cruiser maintenance and supplies	7,700	8,682	(982)
Repairs & Maintenance	800	946	(146)
	<u>17,000</u>	<u>17,016</u>	<u>(16)</u>
DUI equipment grant	<u>5,693</u>	<u>5,693</u>	<u>0</u>
Support:			
Dispatch services	50,700	50,434	266
Administration	4,300	7,483	(3,183)
Training and supplies	3,000	1,541	1,459
Uniforms and cleaning	4,000	4,452	(452)
VIBRS	1,500	3,627	(2,127)
Other	700	1,043	(343)
	<u>64,200</u>	<u>68,580</u>	<u>(4,380)</u>
Capital expenditures:			
Designated Fund - Special Equipment	2,500	2,500	-
Designated Fund - Cruiser	10,000	10,000	-
	<u>12,500</u>	<u>12,500</u>	<u>-</u>
 Total Police Department	 <u>577,398</u>	 <u>510,703</u>	 <u>66,695</u>

The accompanying notes are an integral part of this financial statement.

TOWN OF NORWICH, VERMONT  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE  
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SCHEDULE 3

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	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Fire/FAST Station:			
Utilities:			
Heating	\$ 5,000	\$ 1,650	\$ 3,350
Electricity	1,800	4,441	(2,641)
Telephone and internet	2,010	2,506	(496)
Other	938	368	570
	<u>9,748</u>	<u>8,965</u>	<u>783</u>
Repairs and maintenance:			
Repairs and maintenance	1,000	4,124	(3,124)
Supplies	500	1,235	(735)
	<u>1,500</u>	<u>5,359</u>	<u>(3,859)</u>
Total Fire/FAST Station	<u>11,248</u>	<u>14,325</u>	<u>(3,077)</u>
Fire/FAST Department expenditures:			
Fire wages:			
Salaries	98,591	101,857	(3,266)
Payroll taxes and benefits	13,047	11,438	1,609
	<u>111,638</u>	<u>113,295</u>	<u>(1,657)</u>
EMS wages:			
Salaries	7,100	7,333	(233)
Payroll taxes and benefits	543	462	81
	<u>7,643</u>	<u>7,795</u>	<u>(152)</u>
Education and training	<u>3,700</u>	<u>1,604</u>	<u>2,096</u>
Tools and equipment	<u>7,000</u>	<u>8,785</u>	<u>(1,785)</u>
Maintenance:			
Fire truck	13,000	24,474	(11,474)
Petroleum products	3,500	3,071	429
Other maintenance	3,700	3,082	618
	<u>20,200</u>	<u>30,627</u>	<u>(10,427)</u>
Support:			
Hydrant rental	11,700	11,700	-
Dispatch service	9,558	9,795	(237)
Firefighter casualty insurance	6,000	4,795	1,205
OSHA compliance	1,000	1,441	(441)
Other	1,350	2,627	(1,277)
	<u>29,608</u>	<u>30,358</u>	<u>(750)</u>
Capital expenditures:			
Designated Fund - Apparatus	63,000	63,000	-
Designated Fund - Equipment	20,610	20,610	-
	<u>83,610</u>	<u>83,610</u>	<u>-</u>

The accompanying notes are an integral part of this financial statement.

TOWN OF NORWICH, VERMONT  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE  
GENERAL FUND  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2018

SCHEDULE 3

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	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
Grant expenditures:			
Dry Hydrant grant	\$ 5,160	\$ 5,160	\$ -
FY17 Homeland Security	15,712	15,712	-
	20,872	20,872	-
Ambulance services:			
Ambulance contract	130,235	122,426	7,809
Ambulance bills	3,750	6,557	(2,807)
	133,985	128,983	5,002
Total Fire/FAST	418,256	425,930	(7,674)
Emergency management:			
Debt service principal	32,662	47,053	(14,391)
Debt service interest	-	5,371	(5,371)
Emergency general maintenance and supplies	7,100	11,347	(4,247)
Designated fund - Generator	5,000	5,000	-
Total Emergency Management	44,762	68,771	(24,009)
Conservation:			
Trails	3,000	1,722	1,278
Women's Club grant	1,389	1,389	-
Dues, meetings, education	850	1,783	(933)
Natural resources intervention	1,100	-	1,100
Project restoration	1,000	-	1,000
Other	2,000	1,949	51
Total Conservation	9,339	6,843	2,496
Public Works department:			
Highway division:			
Salaries and benefits:			
Salaries	377,964	380,636	(2,672)
Payroll taxes and benefits	165,199	155,536	9,663
	543,163	536,172	6,991
Materials:			
Salt and chemicals	123,188	91,239	31,949
Sand	61,600	6,861	54,739
Gravel and stone	50,000	42,022	7,978
Dust control	20,000	10,986	9,014
Culverts, road supplies, asphalt	22,100	(2,631)	24,731
Other	11,000	6,081	4,919
	287,888	154,557	133,331

The accompanying notes are an integral part of this financial statement.

TOWN OF NORWICH, VERMONT  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE  
GENERAL FUND  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2018

SCHEDULE 3

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	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
<b>Contracted services:</b>			
Plowing and sanding	\$ 19,000	\$ 17,099	\$ 1,901
Crack sealing	35,000	30,997	4,003
Street lights	11,000	11,646	(646)
Paving	60,000	60,000	-
Pavement marking	20,000	12,051	7,949
Tree cutting and removal	12,000	11,340	660
Other projects	28,500	28,318	182
	<u>185,500</u>	<u>171,451</u>	<u>14,049</u>
<b>Equipment:</b>			
Petroleum products	47,000	43,496	3,504
Outside repairs	37,500	48,140	(10,640)
Parts and supplies	38,000	50,378	(12,378)
	<u>122,500</u>	<u>142,014</u>	<u>(19,514)</u>
<b>Highway garage:</b>			
Utilities	14,120	10,121	3,999
Repairs and maintenance	5,150	17,730	(12,580)
Administration	8,000	11,902	(3,902)
Tools and supplies	4,500	4,842	(342)
	<u>31,770</u>	<u>44,595</u>	<u>(12,825)</u>
<b>Capital expenditures:</b>			
Designated fund - Equipment	40,000	40,000	-
Designated fund - Sidewalk	10,000	10,000	-
Designated fund - Paving	275,000	275,000	-
Designated fund - Bridges	85,000	85,000	-
Designated fund - Garage	50,000	50,000	-
	<u>460,000</u>	<u>460,000</u>	<u>-</u>
<b>Grants:</b>			
FEMA grant	2,415,450	2,415,450	-
Two Rivers - BETR Back Road	3,738	3,738	-
	<u>2,419,188</u>	<u>2,419,188</u>	<u>-</u>
<b>Total Highway Division</b>	<u>4,050,009</u>	<u>3,927,977</u>	<u>122,032</u>
<b>Buildings and Grounds Division:</b>			
<b>Salaries and benefits:</b>			
Salaries	84,180	91,136	(6,956)
Payroll taxes and benefits	41,826	33,957	7,869
	<u>126,006</u>	<u>125,093</u>	<u>913</u>
Garden supplies	<u>1,500</u>	<u>2,110</u>	<u>(610)</u>

The accompanying notes are an integral part of this financial statement.

TOWN OF NORWICH, VERMONT  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE  
GENERAL FUND  
BUDGET AND ACTUAL  
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SCHEDULE 3

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	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Contracted services	\$ 6,850	\$ 4,011	\$ 2,839
Equipment	6,200	7,457	(1,257)
Designated fund - Equipment	7,000	7,000	-
Total Buildings and Grounds Division:	147,556	145,671	1,885
Solid Waste Division:			
Salaries and benefits:			
Salaries	34,637	40,501	(5,864)
Payroll taxes and benefits	2,650	3,098	(448)
	37,287	43,599	(6,312)
Contracted services:			
GUVSWMD assessment	37,554	37,554	-
Municipal solid waste	50,000	44,745	5,255
Recycling	37,000	39,063	(2,063)
Waste disposal and other	30,500	10,599	19,901
	155,054	131,961	23,093
Equipment parts and supplies	4,300	4,370	(70)
Transfer station expenditures	8,820	7,565	1,255
Designated fund - Equipment	8,500	8,500	-
Total Solid Waste Division	213,961	195,995	17,966
Tracy Hall:			
Heating	16,500	10,264	6,236
Other utilities	10,800	12,517	(1,717)
Repairs, maintenance, and supplies	23,200	24,635	(1,435)
Designated fund - Tracy Hall	20,000	20,000	-
	70,500	67,416	3,084
Total Public Works Department	4,482,026	4,337,059	144,967
Debt service interest	45,000	35,130	9,870
Appropriation expenditures:			
Norwich Public Library	272,950	272,950	-
Norwich Cemetery Association	15,000	15,000	-
Visiting Nurse/HSP APPR	15,600	15,600	-
Advance Transit	13,120	13,120	-
Norwich Historical Society	8,000	8,000	-
Other	40,091	40,091	-
Total Appropriations	364,761	364,761	-

The accompanying notes are an integral part of this financial statement.

TOWN OF NORWICH, VERMONT  
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE  
 GENERAL FUND  
 BUDGET AND ACTUAL  
 FOR THE YEAR ENDED JUNE 30, 2018

SCHEDULE 3

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	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Tax abatements/adjustments	\$ 5,000	\$ 3,350	\$ 1,650
Insurance:			
Unemployment insurance rate assessment	5,300	1,598	3,702
Property and casualty insurance	86,000	85,579	421
Workers' compensation insurance	<u>132,000</u>	<u>128,935</u>	<u>3,065</u>
Total insurance	<u>223,300</u>	<u>216,112</u>	<u>7,188</u>
Total Expenses	<u>7,293,873</u>	<u>6,987,650</u>	<u>306,223</u>
Net Change in Fund Balance	<u>\$ (588,879)</u>	<u>(2,461,591)</u>	<u>\$ (1,872,712)</u>
Fund Balance - July 1, 2017		<u>1,228,378</u>	
Fund Balance - June 30, 2018		<u>\$ (1,233,213)</u>	

The accompanying notes are an integral part of this financial statement.

TOWN OF NORWICH, VERMONT  
 COMBINING BALANCE SHEET  
 NON-MAJOR GOVERNMENTAL FUNDS  
 JUNE 30, 2018

SCHEDULE 4

	<u>Special Revenue Fund</u>	<u>Capital Project Fund</u>	<u>Total</u>
<b>ASSETS:</b>			
Cash	\$ -	\$ -	\$ -
Accounts receivable	-	240	240
Grant receivable		74,716	74,716
Due from other funds	<u>343,372</u>	<u>959,539</u>	<u>1,302,911</u>
Total Assets	<u>\$ 343,372</u>	<u>\$ 1,034,495</u>	<u>\$ 1,377,867</u>
<b>LIABILITIES:</b>			
Accounts payable		\$ 5,924	\$ 5,924
FEMA grant receivable		-	-
Due to other funds	<u>-</u>	<u>123,130</u>	<u>123,130</u>
Total Liabilities	<u>-</u>	<u>129,054</u>	<u>129,054</u>
<b>DEFERRED INFLOWS OF RESOURCES:</b>			
Unavailable receivables	<u>-</u>	<u>70,892</u>	<u>70,892</u>
Total Deferred Inflows of Resources	<u>-</u>	<u>70,892</u>	<u>70,892</u>
<b>FUND BALANCES:</b>			
Restricted	-	-	-
Committed	343,372	-	343,372
Assigned	<u>-</u>	<u>834,549</u>	<u>834,549</u>
Total Fund Balances	<u>343,372</u>	<u>834,549</u>	<u>1,177,921</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 343,372</u>	<u>\$ 1,034,495</u>	<u>\$ 1,377,867</u>

The accompanying notes are an integral part of this financial statement.

TOWN OF NORWICH, VERMONT  
 COMBINING SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE  
 NON-MAJOR GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2018

SCHEDULE 5

	<u>Special Revenue Fund</u>	<u>Capital Project Fund</u>	<u>Total</u>
<b>REVENUES:</b>			
Intergovernmental	\$ 2,418	\$ 266,543	\$ 268,961
Donations	11,704	-	11,704
Miscellaneous	-	13,166	13,166
Interest income	<u>2,070</u>	<u>5,950</u>	<u>8,020</u>
Total revenues	<u>16,192</u>	<u>285,659</u>	<u>301,851</u>
<b>EXPENDITURES:</b>			
General government	8,475	13,465	21,940
Public safety	-	17,632	17,632
Public works	-	77,855	77,855
Culture, recreation and community development	2,465		2,465
Capital outlay:			
Public safety	9,626		9,626
Public works	-	665,663	665,663
Debt service:			
Principal	-	27,500	27,500
Interest	<u>-</u>	<u>5,306</u>	<u>5,306</u>
Total expenditures	<u>20,566</u>	<u>807,421</u>	<u>827,987</u>
Excess (Deficiency) of Revenues			
Over Expenditures	<u>(4,374)</u>	<u>(521,762)</u>	<u>(526,136)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Loan proceeds	-	-	-
Transfers in	<u>15,500</u>	<u>538,110</u>	<u>553,610</u>
Total other financing sources (uses)	<u>15,500</u>	<u>538,110</u>	<u>553,610</u>
Net Change in Fund Balances	11,126	16,348	27,474
Fund Balances - July 1, 2017	<u>332,246</u>	<u>818,201</u>	<u>1,150,447</u>
Fund Balances - June 30, 2018	<u>\$ 343,372</u>	<u>\$ 834,549</u>	<u>\$ 1,177,921</u>

The accompanying notes are an integral part of this financial statement.

TOWN OF NORWICH, VERMONT  
 COMBININB BALANCE SHEET  
 NON-MAJOR SPECIAL REVENUE FUNDS  
 JUNE 30, 2018

	Conservation Commission Fund	Recreation Facility Fund	Affordable Housing Fund	Land Management Council Fund	Citizen Assistance Fund	Recreation Scholarships Fund	General Administration Fund	Communications Study Fund	Records Restoration Fund	Total
<b>ASSETS:</b>										
Cash	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due from other funds	151,477	38,348	45,671	13,925	4,074	4,358	31,444	16,312	37,763	343,372
<b>Total Assets</b>	<b><u>151,477</u></b>	<b><u>38,348</u></b>	<b><u>45,671</u></b>	<b><u>13,925</u></b>	<b><u>4,074</u></b>	<b><u>4,358</u></b>	<b><u>31,444</u></b>	<b><u>16,312</u></b>	<b><u>37,763</u></b>	<b><u>343,372</u></b>
<b>LIABILITIES:</b>										
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Total Liabilities</b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>
<b>FUND BALANCES:</b>										
Restricted	-	-	-	-	-	-	-	-	-	-
Committed	151,477	38,348	45,671	13,925	4,074	4,358	31,444	16,312	37,763	343,372
<b>Total Fund Balances</b>	<b><u>151,477</u></b>	<b><u>38,348</u></b>	<b><u>45,671</u></b>	<b><u>13,925</u></b>	<b><u>4,074</u></b>	<b><u>4,358</u></b>	<b><u>31,444</u></b>	<b><u>16,312</u></b>	<b><u>37,763</u></b>	<b><u>343,372</u></b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b><u>151,477</u></b>	<b><u>38,348</u></b>	<b><u>45,671</u></b>	<b><u>13,925</u></b>	<b><u>4,074</u></b>	<b><u>4,358</u></b>	<b><u>31,444</u></b>	<b><u>16,312</u></b>	<b><u>37,763</u></b>	<b><u>343,372</u></b>

The accompanying notes are an integral part of this financial statement.

TOWN OF NORWICH, VERMONT  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
 NON-MAJOR SPECIAL REVENUE FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2018

SHCEDULE 7

	Conservation Commission Fund	Recreation Facility Fund	Affordable Housing Fund	Land Management Council Fund	Citizen Assistance Fund	Recreation Scholarships Fund	General Administration Fund	Communications Study Fund	Records Restoration Fund	Total
REVENUES:										
Donations	\$ 550	\$ 10,000	\$ -	\$ -	\$ -	\$ 1,154	\$ -	\$ -	\$ -	\$ 11,704
Intergovernmental	-	-	-	-	-	-	-	-	2,418	2,418
Interest income	916	210	276	84	22	23	181	135	223	2,070
<b>Total revenues</b>	<b>\$ 1,466</b>	<b>\$ 10,210</b>	<b>\$ 276</b>	<b>\$ 84</b>	<b>\$ 22</b>	<b>\$ 1,177</b>	<b>\$ 181</b>	<b>\$ 135</b>	<b>\$ 2,641</b>	<b>\$ 16,192</b>
EXPENDITURES:										
General government	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 699	\$ 2,477	\$ 5,299	\$ 8,475
Culture, recreation and community development	-	2,400	-	-	-	65	-	-	-	2,465
Capital outlay: Public works	-	-	-	-	-	-	-	9,626	-	9,626
<b>Total expenditures</b>	<b>-</b>	<b>2,400</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>65</b>	<b>699</b>	<b>12,103</b>	<b>5,299</b>	<b>20,566</b>
Excess (Deficiency) of Revenues Over Expenditures	1,466	7,810	276	84	22	1,112	(518)	(11,968)	(2,658)	(4,374)
OTHER FINANCING SOURCES (USES)										
Transfers from General Fund	-	-	-	-	1,000	-	5,500	-	9,000	15,500
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,000</b>	<b>-</b>	<b>5,500</b>	<b>-</b>	<b>9,000</b>	<b>15,500</b>
Net Change in Fund Balances	1,466	7,810	276	84	1,022	1,112	4,982	(11,968)	6,342	11,126
Fund Balances - July 1, 2017	150,011	30,538	45,395	13,841	3,052	3,246	26,462	28,280	31,421	332,246
<b>Fund Balances - June 30, 2018</b>	<b>\$ 151,477</b>	<b>\$ 38,348</b>	<b>\$ 45,671</b>	<b>\$ 13,925</b>	<b>\$ 4,074</b>	<b>\$ 4,358</b>	<b>\$ 31,444</b>	<b>\$ 16,312</b>	<b>\$ 37,763</b>	<b>\$ 343,372</b>

The accompanying notes are an integral part of this financial statement.

TOWN OF NORWICH, VERMONT  
 COMBINING BALANCE SHEET  
 NON-MAJOR CAPITAL PROJECT FUNDS  
 JUNE 30, 2018

	Highway Equipment Fund	Highway Garage Fund	Solid Waste Equipment Fund	Police Station Fund	Police Cruiser Fund	Tracy Hall Fund	Recreation Fund	Recreation Tennis Court Fund	Police Spec Equipment Fund	Fire Station Fund
<b>ASSETS</b>										
Cash	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts receivable	-	240	-	-	-	-	-	-	-	-
Grants receivable	-	65,445	-	-	-	3,824	-	-	-	-
Due from other funds	241,459	-	27,105	7,039	69,940	21,607	1,871	4,529	11,268	19,756
<b>Total Assets</b>	<b>\$ 241,459</b>	<b>\$ 65,685</b>	<b>\$ 27,105</b>	<b>\$ 7,039</b>	<b>\$ 69,940</b>	<b>\$ 25,431</b>	<b>\$ 1,871</b>	<b>\$ 4,529</b>	<b>\$ 11,268</b>	<b>\$ 19,756</b>
<b>LIABILITIES</b>										
Accounts payable	\$ 4,329	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,595
FEMA Grant receivable	-	-	-	-	-	-	-	-	-	-
Due to other funds	-	123,130	-	-	-	-	-	-	-	-
<b>Total Liabilities</b>	<b>4,329</b>	<b>123,130</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,595</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>										
Unavailable grants	-	65,445	-	-	-	-	-	-	-	-
<b>FUND BALANCES</b>										
Restricted	-	-	-	-	-	-	-	-	-	-
Assigned	237,130	(122,890)	27,105	7,039	69,940	25,431	1,871	4,529	11,268	18,161
<b>Total Fund Balances</b>	<b>237,130</b>	<b>(122,890)</b>	<b>27,105</b>	<b>7,039</b>	<b>69,940</b>	<b>25,431</b>	<b>1,871</b>	<b>4,529</b>	<b>11,268</b>	<b>18,161</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 241,459</b>	<b>\$ 65,685</b>	<b>\$ 27,105</b>	<b>\$ 7,039</b>	<b>\$ 69,940</b>	<b>\$ 25,431</b>	<b>\$ 1,871</b>	<b>\$ 4,529</b>	<b>\$ 11,268</b>	<b>\$ 19,756</b>

The accompanying notes are an integral part of this financial statement.

TOWN OF NORWICH, VERMONT  
 COMBINING BALANCE SHEET  
 NON-MAJOR CAPITAL PROJECT FUNDS  
 JUNE 30, 2018

	Fire Equipment Fund	Sidewalk Fund	Long-term Facility Study Fund	DPW Bridge Fund	DPW Paving Fund	Buildings and Grounds Fund	Communications Construction Fund	Generator Fund	Other Funds	Total
<b>ASSETS</b>										
Cash	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts receivable	-	-	-	-	-	-	-	-	-	240
Grants receivable	-	-	-	5,447	-	-	-	-	-	74,716
Due from other funds	68,167	67,216	458	201,790	176,131	26,096	-	15,107	-	959,539
<b>Total Assets</b>	<b>\$ 68,167</b>	<b>\$ 67,216</b>	<b>\$ 458</b>	<b>\$ 207,237</b>	<b>\$ 176,131</b>	<b>\$ 26,096</b>	<b>\$ -</b>	<b>\$ 15,107</b>	<b>\$ -</b>	<b>\$ 1,034,495</b>
<b>LIABILITIES</b>										
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,924
FEMA Grant receivable	-	-	-	-	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-	-	-	-	123,130
<b>Total Liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>129,054</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>										
Unavailable grants	-	-	-	5,447	-	-	-	-	-	70,892
<b>FUND BALANCES</b>										
Restricted	-	-	-	-	-	-	-	-	-	-
Assigned	68,167	67,216	458	201,790	176,131	26,096	-	15,107	-	834,549
<b>Total Fund Balances</b>	<b>68,167</b>	<b>67,216</b>	<b>458</b>	<b>201,790</b>	<b>176,131</b>	<b>26,096</b>	<b>-</b>	<b>15,107</b>	<b>-</b>	<b>834,549</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 68,167</b>	<b>\$ 67,216</b>	<b>\$ 458</b>	<b>\$ 207,237</b>	<b>\$ 176,131</b>	<b>\$ 26,096</b>	<b>\$ -</b>	<b>\$ 15,107</b>	<b>\$ -</b>	<b>\$ 1,034,495</b>

The accompanying notes are an integral part of this financial statement.

TOWN OF NORWICH, VERMONT  
 COMBINING STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES  
 NON-MAJOR CAPITAL PROJECT FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2018

SCHEDULE 9

	Highway Equipment Fund	Highway Garage Fund	Solid Waste Equipment Fund	Police Station Fund	Police Cruiser Fund	Tracy Hall Fund	Recreation Fund	Recreation Tennis Court Fund	Police Spec Equipment Fund	Fire Station Fund
<b>REVENUES:</b>										
Intergovernmental	\$ -	\$ 257,093	\$ -	\$ -	\$ -	\$ 3,824	\$ 11,073	\$ -	\$ -	\$ -
Interest income	1,660	261	147	43	403	136	11	18	74	121
Miscellaneous	10,926	240	-	-	-	-	-	2,000	-	-
Total revenues	<u>12,586</u>	<u>257,594</u>	<u>147</u>	<u>43</u>	<u>403</u>	<u>3,960</u>	<u>11,084</u>	<u>2,018</u>	<u>74</u>	<u>121</u>
<b>EXPENDITURES:</b>										
General government						13,465				
Public safety		-	-	504	-	-	-	-	6,614	2,834
Public works	4,329	838	-	-	-	-	13,670	-	-	-
Capital outlay:										
Public works	91,821	511,196	-	-	-	-	-	-	-	-
Debt service:										
Principal	-	-	-	-	-	-	-	-	-	-
Interest	704	599	-	-	-	-	-	-	-	-
Total expenditures	<u>96,854</u>	<u>512,633</u>	<u>-</u>	<u>504</u>	<u>-</u>	<u>13,465</u>	<u>13,670</u>	<u>-</u>	<u>6,614</u>	<u>2,834</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(84,268)</u>	<u>(255,039)</u>	<u>147</u>	<u>(461)</u>	<u>403</u>	<u>(9,505)</u>	<u>(2,586)</u>	<u>2,018</u>	<u>(6,540)</u>	<u>(2,713)</u>
<b>OTHER FINANCING SOURCES (USES)</b>										
Loan proceeds	-	-	-	-	-	-	-	-	-	-
Transfers in	40,000	50,000	8,500	-	10,000	20,000	-	4,500	2,500	-
Total other financing sources (used)	<u>40,000</u>	<u>50,000</u>	<u>8,500</u>	<u>-</u>	<u>10,000</u>	<u>20,000</u>	<u>-</u>	<u>4,500</u>	<u>2,500</u>	<u>-</u>
Net Change in Fund Balances	(44,268)	(205,039)	8,647	(461)	10,403	10,495	(2,586)	6,518	(4,040)	(2,713)
Fund Balances - July 1, 2017	<u>281,398</u>	<u>82,149</u>	<u>18,458</u>	<u>7,500</u>	<u>59,537</u>	<u>14,936</u>	<u>4,457</u>	<u>(1,989)</u>	<u>15,308</u>	<u>20,874</u>
Fund Balances - June 30, 2018	<u>\$ 237,130</u>	<u>\$ (122,890)</u>	<u>\$ 27,105</u>	<u>\$ 7,039</u>	<u>\$ 69,940</u>	<u>\$ 25,431</u>	<u>\$ 1,871</u>	<u>\$ 4,529</u>	<u>\$ 11,268</u>	<u>\$ 18,161</u>

The accompanying notes are an integral part of this financial statement.

TOWN OF NORWICH, VERMONT  
 COMBINING STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES  
 NON-MAJOR CAPITAL PROJECT FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2018

SCHEDULE 9

	Fire Equipment Fund	Sidewalk Fund	Long-term Facility Study Fund	DPW Bridge Fund	DPW Paving Fund	Buildings and Grounds Fund	Communications Construction Fund	Generator Fund	Other Funds	Total
<b>REVENUES:</b>										
Intergovernmental	\$ -	\$ -	\$ -	\$ (5,447)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 266,543
Interest income	388	386	3	1,051	1,002	144	21	81	-	5,950
Miscellaneous	-	-	-	-	-	-	-	-	-	13,166
<b>Total revenues</b>	<b>388</b>	<b>386</b>	<b>3</b>	<b>(4,396)</b>	<b>1,002</b>	<b>144</b>	<b>21</b>	<b>81</b>	<b>-</b>	<b>285,659</b>
<b>EXPENDITURES:</b>										
General government										13,465
Public safety	7,680	-	-	-	-	-	-	-	-	17,632
Public works	-	-	-	20,805	38,213	-	-	-	-	77,855
Capital outlay:										-
Public works	-	-	-	-	62,646	-	-	-	-	665,663
Debt service:										-
Principal	-	-	-	-	-	-	27,500	-	-	27,500
Interest	-	-	-	-	-	-	4,003	-	-	5,306
<b>Total expenditures</b>	<b>7,680</b>	<b>-</b>	<b>-</b>	<b>20,805</b>	<b>100,859</b>	<b>-</b>	<b>31,503</b>	<b>-</b>	<b>-</b>	<b>807,421</b>
Excess (Deficiency) of Revenues Over Expenditures	(7,292)	386	3	(25,201)	(99,857)	144	(31,482)	81	-	(521,762)
<b>OTHER FINANCING SOURCES (USES)</b>										
Loan proceeds	-	-	-	-	-	-	-	-	-	-
Transfers in	20,610	10,000	-	85,000	275,000	7,000	-	5,000	-	538,110
<b>Total other financing sources (used)</b>	<b>20,610</b>	<b>10,000</b>	<b>-</b>	<b>85,000</b>	<b>275,000</b>	<b>7,000</b>	<b>-</b>	<b>5,000</b>	<b>-</b>	<b>538,110</b>
Net Change in Fund Balances	13,318	10,386	3	59,799	175,143	7,144	(31,482)	5,081	-	16,348
Fund Balances - July 1, 2017	54,849	56,830	455	141,991	988	18,952	31,482	10,026	-	818,201
Fund Balances - June 30, 2018	\$ 68,167	\$ 67,216	\$ 458	\$ 201,790	\$ 176,131	\$ 26,096	\$ -	\$ 15,107	\$ -	\$ 834,549

The accompanying notes are an integral part of this financial statement.



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## Batchelder Associates, PC

### INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Select Board  
Town of Norwich, Vermont  
Norwich, Vermont

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Norwich, Vermont ("Town"), as of and for the year ended June 30, 2018, which collectively comprise the Town's basic financial statements and have issued our report thereon dated November 9, 2018. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

#### **Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Town's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the management recommendation letter included with the audit report, we identified certain deficiencies in internal control over financial reporting that we consider to be immaterial weaknesses.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis.

*A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiencies described in the management recommendation letter to be material weaknesses.

*A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider all items to be immaterial weaknesses.

#### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Town's financial statements are free of material misstatement, we

performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* for year ending June 30, 2018.

We noted certain other matters that we reported to management of the Town in a separate letter. There are no documented responses included with this audit.

This report is intended solely for the information and use of management, Board of Selectmen, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Batchelder Associates, P.C.*

Batchelder Associates, PC  
Barre, Vermont  
November 9, 2018  
Vermont License # 945